



FISCAL MEMORANDUM

HB 921 - SB 975

March 18, 2023

SUMMARY OF BILL AS AMENDED (005865): Increases, from \$50,000 to \$100,000, the maximum amount that the president of a municipal energy authority or the superintendent of a municipal electric plant may contract for without the governing body's approval or procuring through competitive bidding. Provides that if a municipal electric plant has jurisdiction over waterworks, sewerage works, gas, telecommunications, cable television, internet, or broadband systems, and the superintendent of the electric plant serves in a similar role for such utility systems, then the increase in threshold applies to contracts for those systems, as well.

Provides that a local governmental unit may purchase, without public advertisement or competitive soliciting, under contracts or price agreements entered into by the State Building Commission (SBC), notwithstanding any local or private act, charter, or general law to the contrary.

FISCAL IMPACT OF BILL AS AMENDED:

Decrease Local Expenditures – Exceeds \$6,800/FY23-24 and Subsequent Years

Other Fiscal Impact – Any additional mandatory, recurring decrease to local government expenditures cannot be quantified.

Assumptions for the bill as amended:

- Competitive bids of more than \$50,000 are required to be solicited through advertisement in a newspaper of general circulation. Increasing the threshold to \$100,000 will lead to fewer required newspaper advertisements.
- Based on responses to the 2017 Local Government Survey conducted by the Fiscal Review Committee staff, participating local government officials reported the average cost for a newspaper notification is \$114.
- There are approximately 60 municipal electric systems in the state. While the total decrease in required newspaper publications is unknown, it can be reasonably estimated that each electric system would require one fewer publication each year.
- Assuming one bid per system, there will be a mandatory, recurring decrease in local government expenditures estimated to exceed \$6,840 (\$114 x 60 publications) beginning in FY23-24.

- Increasing the threshold for which purchases or expenditures must be made by competitive bids will not significantly impact the terms and values of such purchases.
- Removing the requirement for competitive solicitations for contracts or price agreements entered into by the SBC would result in a mandatory decrease to local expenditures due to fewer required newspaper publications.
- It is not known how many such agreements and contracts occur between local governmental units and the SBC each year; a precise, recurring decrease to local government expenditures cannot be quantified.
- Removing this requirement will not reduce the number of SBC meetings and, therefore, will not result in a significant decrease in state expenditures.

IMPACT TO COMMERCE OF BILL AS AMENDED:

Decrease Business Revenue – Exceeds \$6,800/FY23-24 and Subsequent Years

Assumptions for the bill as amended:

- Due to fewer required publications, there will be a recurring decrease in business revenue estimated to exceed \$6,840 beginning in FY23-24.
- The proposed legislation is not expected to have any significant impact on the total number of purchases or contracts let, nor on the terms and values of such purchases; subsequently, there will be no significant increase to business revenue.
- The proposed legislation is not expected to have any impact on jobs in the state.

CERTIFICATION:

The information contained herein is true and correct to the best of my knowledge.



Krista Lee Carsner, Executive Director

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